

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

March 2004

## National Butter Price Rises Sharply . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk remained constant, the Cheddar cheese price increased slightly, but the butter price rose sharply. Consequently, all types of milk increased in price: whole milk increased seventeen and five tenths cents per gallon; reduced fat milk increased ten and seven tenths cents per gallon; lowfat milk increased six and two tenths cents per gallon; and skim milk increased one and seven tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

California milk production and milk production across the U.S. continues to remain steady or slightly less than last year levels. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be flat or down slightly when compared to last year levels. Cheese and butter sales have been strong but actual production of these products was down compared to 2003 levels. At present, the demand for dairy products is exceeding the availability, thus causing the commodity market prices to increase.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

### Minimum Prices for the Four Types of Fluid Milk by Container Size for April 2004

<b>Northern California</b>	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$1.357	\$0.679	\$0.339	\$0.170	\$0.113	\$0.085
Reduced Fat (2%)	\$1.143	\$0.572	\$0.286	\$0.143	\$0.095	\$0.071
Lowfat (1%)	\$1.008	\$0.504	\$0.252	\$0.126	\$0.084	\$0.063
Nonfat (Skim)	\$0.706	\$0.353	\$0.177	\$0.088	\$0.059	\$0.044
<b>Southern California</b>						
Whole Milk	\$1.381	\$0.690	\$0.345	\$0.173	\$0.115	\$0.086
Reduced Fat (2%)	\$1.167	\$0.583	\$0.292	\$0.146	\$0.097	\$0.073
Lowfat (1%)	\$1.032	\$0.516	\$0.258	\$0.129	\$0.086	\$0.064
Nonfat (Skim)	\$0.730	\$0.365	\$0.183	\$0.091	\$0.061	\$0.046
<b>Price Changes from the Previous Pricing Period</b>						
	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$0.175	\$0.088	\$0.004	\$0.022	\$0.015	\$0.011
Reduced Fat (2%)	\$0.107	\$0.054	\$0.027	\$0.013	\$0.009	\$0.007
Lowfat (1%)	\$0.062	\$0.031	\$0.015	\$0.008	\$0.005	\$0.004
Nonfat (Skim)	\$0.017	\$0.009	\$0.004	\$0.002	\$0.001	\$0.001

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 341-5988; Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy); email address: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

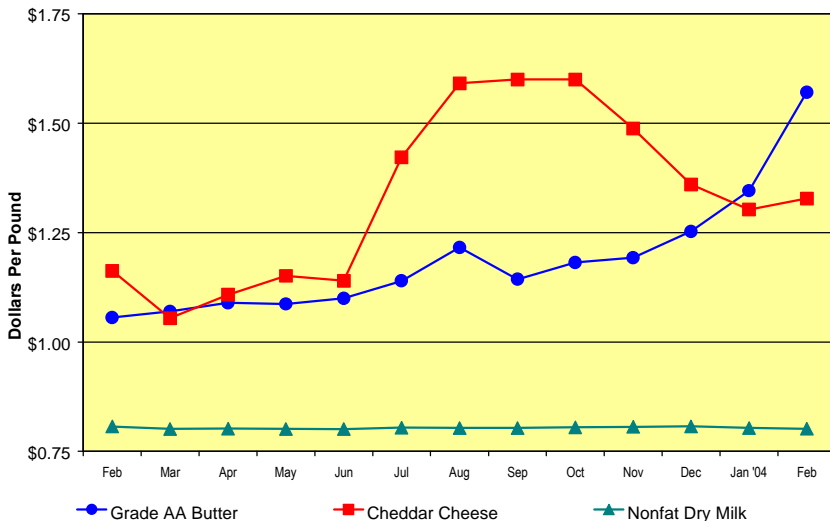
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

June '03  
July  
Aug  
Sept  
Oct  
Nov  
Dec  
Jan '04  
Feb  
Mar

Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
\$0.18	\$1.08	\$0.42
\$0.18	\$1.08	\$0.42
\$0.18	\$1.13	\$0.44
\$0.18	\$1.13	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.16	\$0.45
\$0.18	\$1.16	\$0.45
\$0.19	\$1.27	\$0.49
\$0.19	\$1.27	\$0.49

### National Commodity Prices February 2003 - February 2004 Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



### Lowest Reported Lawful Retail Prices for Milk March 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.35	\$2.18
2% Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.19	\$1.60
<u>Southern California</u>		
Whole Milk	\$4.29	\$2.15
2% Reduced Fat	\$3.95	\$1.98
1% Lowfat	\$3.95	\$1.98
Nonfat/Skim	\$3.11	\$1.56

California Department of Food and Agriculture  
Dairy Marketing Branch  
1220 N Street  
Sacramento, CA 95814

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfa.ca.gov, or by contacting TDD 1-800-735-0193.



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